

Message Text

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ACTION EB-11

INFO OCT-01 NEA-14 IO-14 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-03

H-03 INR-11 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04

RSC-01 AID-20 CIEP-03 SS-20 STR-08 TAR-02 TRSE-00

PRS-01 SP-03 OMB-01 SWF-02 FEA-02 AF-10 ARA-16 EA-11

EUR-25 DRC-01 OIC-04 /237 W
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O R 231815Z JUL 74

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 7306

AMEMBASSY NEW DELHI

INFO USMISSION USUN NY

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E.O. 11652: N/A

TAGS: ECOSOC, EGEN, UN

SUBJ: 57TH ECOSOC--ITEM 8, MULTINATIONAL CORPORATIONS:
RESOLUTIONS

REF: STATE 159035

1. PURSUANT TO REFTTEL, WE REVISED US. PROPOSED RE-
VISIONS TO PROPOSED G-77 RESOLUTION, AND JULY 23 DIS-
CUSSED THEM IN DETAIL WITH NAIL (PAKISTAN) CHAIRMAN
OF G-77

2. NAIK SAID G-77 FAILED TO TABLE
ITS RESOLUTION JULY 23, EVEN THOUGH IT HAD INFORMALLY
CIRCULATED TEXTS JULY 22, SINCE SOME MEMBERS WERE
STILL DISSATISFIED. INDIA, HE INTIMATED, HAD INSISTED
ON INSERTING THE NEW, LAST PREAMBULAR PARA; SOME OTHER MEM-
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BERS OF G-77 WERE NOW RESISTING IT. HE HOPED THAT G-77

WOULD AGREE JULY 24 ON A FINAL VERSION. IN SO DOING, HE SAID HE WOULD FEED IN USG VIEWS, WHICH HE APPRECIATED HAVING IN SUCH A TIMELY WAY.

3. NAIK DID NOT CLEARLY REACT TO OUR PROPOSALS ON PREAMBULAR PARAS 1 AND 2. HE STATED THAT OUR SUGGESTED REVISIONS AND DELETIONS IN RESPECT OF PREAMBULAR PARAS 5 AND 7 POSED "REAL PROBLEM". OUR PROPOSED DELETION IN OPERATIVE PARA 2 WAS A PROBLEM, BUT A LESSER ONE; PERHAPS IT COULD BE MET, HE SUGGESTED, BY CHANGING "CONTROL" TO "SUPERVISION", THOUGH, HE SAID, SINCE "CONTROL" USED IN RESOLUTIONS OF SIXTH SPECIAL SESSION, THERE WOULD BE A RELUCTANCE IN SOME QUARTERS TO DISPLACE THE TERM. HE GAVE IMPRESSION THAT PROPOSED AMENDMENTS TO PREAMBULAR PARA 6 AND OPERATIVE PARAS 5 AND 7 SHOULD POSE LITTLE DIFFICULTY. HE DOUBTED THAT G-77 WOULD WISH TO DELETE "IF POSSIBLE" FROM OPERATIVE PARA 3, SINCE LDCS DO NOT WISH TO CONDITION DISCUSSIONS OF INTERSESSIONAL COMMITTEE ON SUBMISSION OF GOVERNMENTAL COMMENTS ON REPORT OF EMINENT PERSONS. THE DEVELOPED COUNTRIES CHARACTERISTICALLY SUBMIT COMMENT AND THE LDCS FAIL TO DO SO. AS TO OPERATIVE PARA 6, LDCS ENVISAGE AN INTERSESSIONAL COMMITTEE OF THE WHOLE. THERE WOULD BE DIFFICULTY IN AGREEING ON A LESSER NUMBER. NAIK SAID THAT CURRENT PHRASOLOGY OF THIS PARA DESIGNED TO ADMIT VIEW THAT PROCEDURAL POINTS SHOULD BE ADDRESSED IN INTERSESSIONAL COMMITTEE AS WELL PERHAPS, BUT NOT NECESSARILY, AS SUBSTANTIVE POINTS; THIS WAS STILL ANOTHER FINELY TURNED COMPROMISE REACHED AMONG G-77. FINALLY, INDIA WAS PRESSING SO HARD FOR PROMPT ACTION THAT HE WAS NOT OPTIMISTIC ABOUT DEFERRING THE REPORT OF THE INTERSESSIONAL BODY FROM JANUARY TO APRIL.

4. WE INDICATED THAT WE VERY MUCH HOPED THAT THERE COULD BE UNANIMOUS SUPPORT FOR THE RESOLUTION, WHOSE PROCEDURAL THRUST WE FAVOR. HOWEVER, WE STATED THAT WE COULD NOT ACCEPT FAVORABLE REFERENCES TO TREATMENT OF PROBLEM OF MULTINATIONALS WITHIN THE FRAMEWORK OF THE DECLARATION, PROGRAM OF ACTION AND NEW INTERNATIONAL ECONOMIC ORDER. IF SUCH REFERENCES WERE LIMITED OFFICIAL USE

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OMITTED, POSITION OF G-77 WOULD NOT BE PREJUDICED. RESOLUTIONS OF 6TH SPECIAL SESSION WOULD STAND. BUT IF SUCH REFERENCES WERE INCLUDED, USG POSITION OF REJECTION OF ELEMENTS OF THOSE RESOLUTIONS DEALING WITH MNCs WOULD BE PREJUDICED. THUS THE INCLUSION OF THESE REFERENCES WAS NOT EVEN HANDED; WE SHOULD NOT BE EXPECTED TO ACCEPT THEM, AND WOULD NOT. AT SAME TIME, WE AGREE THAT IT WOULD BE A PITY IF FURTHER WORK OF UN ON MULTI-

NATIONALS WERE UNABLE TO GET OFF ON A NOTE OF UNANIMITY.

5. NAIK NOTED THAT PROBLEM OF REFERENCE TO 6TH SPECIAL SESSION IS A PERVASIVE ONE. G-77 WAS GROPING FOR WAY TO RESOLVE IT. SUCH A WAY OUT WAS NOT YET APPARENT, BUT HE HOPED ONE WOULD BE FOUND. OTHERWISE MUCH OF WORK OF ECOSOC COULD BE STALLED OR PREJUDICED. WE AGREED THAT THE PROBLEM IS PERVASIVE AND SERIOUS BUT SUGGESTED IT COULD BE MET BY EITHER HAVING NO REFERENCE TO 6TH SPECIAL SESSION RESOLUTIONS OR COUCHING SUCH REFERENCES IN A TRULY NEUTRAL MANNER, E.G., "NOTING GENERAL ASSEMBLY RESOLUTION...", ETC.

6. WE TALKED ALSO WITH FRG AND UKDELS, SHOWING FORMER TEXT OF OUR PROPOSED AMENDMENTS. FRG SUPPORTS VIRTUALLY ALL, THOUGH IT PREFERS INTERSESSIONAL COMMITTEE OF THE WHOLE, SINCE IT BELIEVES THAT BULK OF MEMBERSHIP WILL NOT ATTEND WHILE DEVELOPED COUNTRIES WILL. FRG INDICATED THAT, IF AMENDMENTS OF USG SUBSTANCE WERE NOT ADOPTED ON PREAMBULAR PARAS 5 AND 7 AND OPERATIVE PARA 2, FRG DEL WOULD RECOMMEND TO BONN THAT IT ABSTAIN. WE STATED THAT, IN THAT EVENT, OUR INSTRUCTIONS WERE TO VOTE NEGATIVELY, AND WE STATED MOTIVATING CONSIDERATIONS FOR THAT CONCLUSION. WE REMARKED THAT WE HOPED BONN WOULD GIVE CONSIDERATION TO JOINING US IN VOTING NEGATIVELY IN THAT CASE AND TO ENDEAVORING TO PERSUADE EC-9 TO DO SO. WE NOTED VALUE OF UNIFIED APPROACH OF MAJOR DEVELOPED COUNTRIES MANIFESTED AT MEXICO, WITH WHICH FRG REP WARMLY AGREED.

7. UKDEL, WHILE SYMPATHETIC TO OUR APPROACH, THOUGHT THAT TO REQUIRE DELETION OF OFFENDING REFERENCES TO NEW INTERNATIONAL ECONOMIC OFFER IS EXCESSIVE. UKDEL LIMITED OFFICIAL USE

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COULD ACCEPT SUCH REFERENCES PROVIDED THAT IN SOME WAY IT WERE SATISFACTORILY INDICATED THAT RESERVATIONS AS TO PASSAGES OF RESOLUTION OF 6TH SPECIAL SESSION ON MULTINATIONALS HAD BEEN EXPRESSED. UK REP MAINTAINED THAT, IN NY, THERE HAD BEEN "CONSENSUS WITH RESERVATIONS". WE REPLIED THAT WE SAW NOT A CONSENSUS BUT ACQUIESCENCE WITH RESERVATIONS, AND RECALLED THAT AMBASSADOR SCALI HAD EXPRESSLY DISCLAIMED CONSENSUS.

8. WE SUGGEST THAT DEPT MAY WISH TO INSTRUCT AMEMBASSY NEW DELHI TO CALL ON FONOFF TO MAKE FOLLOWING POINTS:

(A) INDIA HAS PLAYED AN UNDULY AGGRESSIVE ROLE OF LATE ON QUESTIONS OF FOREIGN INVESTMENT AND MULTINATIONAL CORPORATIONS. THIS WAS MANIFESTED AT 6TH SPECIAL SESSION

UNGA AND AT JUNE 1974 MEETING IN MEXICO OF UNCTAD WORKING GROUP ON A CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES. IT IS CURRENTLY BEING MANIFESTED IN GENEVA IN ECONOMIC AND SOCIAL COUNCIL CONSIDERATION OF REPORT OF THE GROUP OF EMINENT PERSONS ON MULTINATIONAL CORPORATIONS.

(B) IN GENEVA, MANY MEMBERS OF G-77 ARE PREPARED TO ACCEPT A COMPROMISE RESOLUTION WHICH WOULD SET UP AN INTER-SESSIONAL COMMITTEE TO MAKE RECOMMENDATIONS TO ECOSOC ON FUTURE UN WORK ON MULTINATIONAL CORPORATIONS. SUCH A RESOLUTION IS FAVORED BY USG AND OTHER DEVELOPED STATES, INCLUDING THOSE WHICH ARE HOME BASES OF MNCS.

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(C) HOWEVER, INDIA HAS TAKEN LEAD, IN OPPOSITION TO SUBSTANTIAL AND VARIED NUMBER OF OTHER MEMBERS OF G-77, IN INSISTING THAT THIS FUNDAMENTALLY PROCEDURAL RESOLUTION CONTAIN LANGUAGE THAT WOULD TIE FUTURE, UNDETERMINED WORK OF UN IN THIS SPEHERE TO PASSAGES OF RESOLUTIONS OF 6TH SPECIAL SESSION INsofar AS THEY RELATE TO

MULTINATIONAL CORPORATIONS. THIS IS UNACCEPTABLE TO
USG, SINCE IT EXPRESSLY AND EMPHATICALLY RESERVED ITS
POSITION IN NY ON THESE VERY PASSAGES. USG CANNOT BE
REASONABLY EXPECTED TO ACCEPT BY REFERENCES INDIA IS
NOW PROMOTING FOR THIS RESOLUTION POLICIES ON MULTI-
NATIONALS WHICH IT HAS REJECTED FOR REASONS IT DEEMS
COGENT. USG DOES NOT ASK THAT ITS POSITION BE UPHELD
IN ECOSOC; RATHER THAT, IN PROCEDURAL RESOLUTION, INDIA
NOT SEEK TO FORCE DOWN OUR THROATS A SUBSTANTIVE POSI-
TION IT KNOWS WE CANNOT ACCEPT.

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(D) WE APPRECIATE THAT AMBASSADOR JHA IS CHAIRMAN
OF THE GROUP OF EMINENT PERSONS AND WE APPRECIATE EX-
CELLENCE OF HIS LEADERSHIP. HOWEVER, IN FACE OF WIDE-
SPREAD COMPREHENSION OF USG VIEW IN G-77, WE CANNOT SEE
THAT INDIA'S PARTICULAR ASSOCIATION WITH THE REPORT BY
REASON OF JHA'S SERVICE IN A PERSONAL CAPACITY IS
REASON FOR INDIA TO PURSUE APPROACH IT IS TAKING IN
GENEVA. SHOULD U.S. BUSINESS COMMUNITY BECOME AWARE
OF THE SEEMINGLY ANTI-FOREIGN INVESTMENT STANCE WHICH
INDIA HAS TAKEN IN MEXICO AND IS TAKING IN GENEVA--
DESPITE ITS OWN EXCELLENT RECORD ON NATIONALIZATION
QUESTIONS-- THAT WOULD HARDLY TEND TO PROMOTE THE WIDER
FLOW OF FOREIGN INVESTMENT THAT INDIA REQUIRES.

(E) WE ACCORDINGLY WOULD APPRECIATE FONOFF CON-
SIDERING WHETHER INDIAN DEL CANNOT BE INSTRUCTED TO
INFORM G-77 COLLEAGUES THAT IT WILL ACCEPT RESOLUTION
ON MULTINATIONALS NOW UNDER CONSIDERATION IN ECOSOC
WITHOUT REFERENCE TO DECLARATION, PROGRAM OF ACTION
AND THE NEW INTERNATIONAL ECONOMIC ORDER PROCLAIMED
BY THE 6TH SPECIAL SESSION UNGA. ABRAMS

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